



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 2/22/2001

GAIN Report #JA1505

Japan

Market Development Report

Food Business Line

Periodic Press Translations from ATO Tokyo

2001

Approved by:

David C. Miller, Director

ATO Tokyo

Prepared by:

Karen Halliburton, Deputy Director

Akiko Matsuyoshi, Marketing Clerk

Report Highlights: A summary of current news reports in America's largest food and agricultural export market as translated from Japan's mass media and food press. This issue's highlights include: supermarket sales post worst year on record in 2000; McDonald's opens outlets inside Daiei stores; meal delivery services targeting elderly people are increasing; processed rice products are selling well; and Japan's Health Ministry announces new health ingredient labeling requirements and plans to deregulate medical use herbs for use as food ingredients.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Tokyo ATO [JA2], JA



Food Business Line

Periodic Press Translations from ATO Tokyo

Vol I, Issue 5 Jan 19 - Feb 2, 2001

Wholesale/Retail

- According to the *Japan Chain Stores Association*, total sales of member supermarkets in 2000 declined by 5.1% compared to last year on a same-store basis. This was the 25th consecutive month of decline and the worst year on record. However, the food area fared much better than clothing and household good sales. (e 1/26)
- *Itochu Corporation* plans to import food for *Seibu Department Store*'s upscale *Shell Garden* supermarket. *Itochu* also plans to support the company's distribution system utilizing IT and consulting on shop locations. (a 1/22)
- Supermarkets are hammering out unique strategies targeting people returning from the suburbs to live in downtown Tokyo. For example, *Maruetsu* opened a small-scale shop in Shin-Otsuka, the *Z-One* Asagaya shop has been designed to match the needs of elderly people, and *Pororocca* plans to utilize empty space vacated by a bank. (b 2/1)

Food Service

- *McDonald's Japan* will begin operating as a tenant inside *Daiei* stores starting on January 26 in the Kawaguchi, Saitama store. *McDonald's Japan* plans to open approximately 30 outlets inside *Daiei* stores in 2001. (a 1/23)
- Meal delivery services targeting elderly people are increasing. Not only specialized medical companies, but also family restaurants, hospital meal supply companies, and other chain delivery stores are starting to offer the services. For example, sushi delivery shop "Sushi Hyakka" added a new *bento* lunch box menu for the elderly in their Yokohama shop, and *Kyushu Food Supply Center*, which specializes in hospital meal supplies, also plans to enter the market utilizing their vast know-how of the nursing business. (e 1/19)
- *Heisei Food Service*, which operates traditional Japanese restaurants such as "Hokkaido," has started using JAS-certified organic vegetables. (b 1/25)

Food Processing/New Products/Market Trends

- Processed rice products are selling well, and companies are increasingly starting to introduce new products to the market, such as *Nichiro*'s mega-hit product, "Soba Meshi (Mixed Fried Noodles and Rice)." Production of aseptic-packed rice products increased 53.1% in 1999 over the previous year. At the same time, the overall frozen rice product market expanded by 8.2% in 1999 and is continuing to grow. (a 1/30)
- Starting this spring, Japan's Health Ministry will establish a labeling standard that requires a description of the effect of health components, such as vitamins, contained in food products. In an effort to expand Japanese health foods, the Ministry will also deregulate the use of particular herbs that have been classified for medical use only so that they can also be used as food ingredients. (a 1/28)

- Japan's Agriculture Ministry plans to start tracking electronic wholesale data for fresh meat and produce by the end of next year. A POS electronic scanning system will be used to identify the product type, place of origin, size, and quality specifications. (a 1/29)
- Due to economic reasons, *Fuji Oil Manufacturer* announced they will stop using domestic soybeans by the end of September and use imports from U.S. *Carnegie*, which has excellent IP handling technology. *Fuji Oil* also plans to procure soybeans from China in the future. (e 1/22)
- *Snow Brand*, *Itochu Corporation*, and *Yayoi Foods* announced on January 18 that they have agreed to a frozen food business tie-up. *Nestlé Japan* has already been working in cooperation with each of these companies. (e 1/22)
- Cheese prices in Japan have been rising since last November, due to a weakened Japanese yen which has increased both imported cheese and ingredient prices, such as that of powdered skim milk. Imports account for 85% of the Japanese cheese market. (e 1/24)
- More and more cooking oils with an additive to control cholesterol are being introduced to the market. *Kao* plans to announce its new cooking oil this spring which contains plant sterol that restrains cholesterol generation. *Honen Corporation* will also release a cooking oil containing *koji* that restrains the function of the enzyme in the liver that forms cholesterol. (a 1/30)
- According to the Japan Management and Coordination Agency, the consumption index for October - December 2000 fell 0.3%, marking the second consecutive term of decline. (a 1/31)

ATO/Cooperator/Competitor Activities/Trade Shows

- As part of their "A Taste of Britain" promotion theme, the *British Embassy* has published a menu guidebook with various information on British food, such as popular recipes and lists of reference books, internet sites, and contact addresses of some 600 British food exporters and associations. (b 1/30)

RRRRRRRR

Sources

- | | |
|----------------------------------|---|
| (a) The Nihon Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

DISCLAIMER - *Food Business Line* is derived from major Japanese news wires, mass distribution press, and food industry newspapers and magazines. Inclusion of an item in *Food Business Line* does not imply agreement by USDA or U.S. Embassy/Tokyo; nor does USDA or U.S. Embassy/Tokyo attest to the accuracy or completeness of the translation of the news item. ATO Tokyo cannot further translate or send source materials to users.